



**North Carolina Department of Health and Human Services  
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

3007 Mail Service Center • Raleigh, North Carolina 27699-3007

Tel 919-733-4670 • Fax 919-733-4555

Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

Michael Moseley, Director

July 1, 2005

**MEMORANDUM**

**TO:** LME Directors

**FROM:** Flo Stein

**RE:** DHHS Process and Timeline for Identifying LMEs Eligible to Perform Utilization Review Functions for Medicaid Consumers

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The delay in the implementation of the contract for a statewide utilization review (UR) vendor provides an opportunity for the Division to re-open the application process for LMEs interested in conducting UR under contract with the Department of Health and Human Services. In discussions with representatives of the N. C. of Community Programs we have outlined a process and criteria that will be used to determine LMEs' ability to perform this activity.

- DMHDDSAS has designed an application template.
- LMEs making application to perform UR for Medicaid services will demonstrate their ability to meet current requirements in the Performance Contract. Compliance will be measured on 3<sup>rd</sup> quarter reporting, including prompt pay requirements and successful submission of all required data. Only LMEs that have signed the DHHS/LME Performance Contract will be eligible to apply.
- The process will place emphasis on the LME's utilization review plan including a demonstration of policies and procedures, staff qualifications, consumer complaint process, reporting, and a process for provider training. The LME should be prepared to meet all the deliverables required of the statewide vendor as outlined in the DMA Request for Proposals (RFP), with the exception of authorization for inpatient hospitalization, PRTF, out-of-state placements, and Criterion 5, and retrospective eligibility and post payment reviews. Staffing qualifications are specifically outlined in Section 3.13 of the RFP, which is located on the web at <http://www.ips.state.nc.us/ips/AGENCY/PDF/04249300.pdf>.
- DMHDDSAS will design a process that provides feedback and provides LMEs seeking to demonstrate readiness the opportunity to offer corrective action for items found unacceptable or deficient.
- The functional capacity of IT systems will be analyzed.
- DMHDDSAS will consider contracting for an independent reviewer to conduct system capacity reviews.
- DMH will accept applications for Phase 1 with an implementation date of **December 1, 2005 (possibly January 1, 2006 if there is a delay in implementing the statewide contract)** and Phase 2 with an implementation date of July 1, 2006.
- LMEs may make application for implementation each July thereafter.
- LMEs will continue to perform UR for DD services consistent with current practice.



## TIMETABLE

1. The Division will publish criteria by July 1, 2005 (attached).
2. LME will submit a letter of interest by July 8, 2005.
3. LMEs will complete the application in accordance with the attached template and submit it to DMHDDSAS by July 30, 2005.
4. DMH will review compliance with Performance Contract requirements (3<sup>rd</sup> quarter, January-March 2005).
5. DMA will award statewide UR contract by August 1<sup>st</sup>
6. DMHDDSAS will conduct site visits of LMEs applying for December 1, 2005 implementation during August, 2005.
7. LMEs will submit reports on the status of implementation of any corrective action plans by August 15, 2005.
8. DMHDDSAS and DMA will notify LMEs regarding participation in Phase 1 by September 1, 2005.

## TIMETABLE-Phase 2

1. LME will submit letter of interest by January 1, 2006.
2. DMH will review compliance with the Performance Contract requirements (3<sup>rd</sup> and 4<sup>th</sup> quarters 2004/05 and 1<sup>st</sup> and 2<sup>nd</sup> quarters 2005/06).
3. LME will submit application utilizing the attached template by February 1, 2006.
4. DMH will conduct site visit, utilizing a tool by April 30, 2006.
5. LME will notify DMH regarding implementation status of any corrective action by April 15<sup>th</sup>.
6. DMH/DMA will notify LME regarding participation in Phase 2 by May 1<sup>st</sup> for implementation July 1, 2006.

cc: Secretary Carmen Hooker Odom  
Allen Dobson, MD  
Executive Leadership Team  
Management Leadership Team  
State Facility Directors  
Carol Duncan Clayton  
Patrice Roesler  
MH Commission Chair  
Coalition 2001 Chair  
SCFAC Chair

